

**Minutes of the Joint Meeting of the Human Resources
Committee and Finance Committee**

Tuesday, May 21, 2013

County Board Chair Decker called the meeting to order at 1:15 p.m.

Human Resources Committee Members Present: Supervisors Duane Paulson (Chair), Pauline Jaske, Mike Crowley, Dan Draeger, and Jennifer Grant. Kathleen Cummings arrived at 1:42 p.m. and left at 4:03 p.m. **Absent:** Jim Jeskewitz.

Finance Committee Members Present: Supervisors Pat Haukohl (Chair), Richard Morris, Dan Draeger, Bill Zaborowski, Larry Nelson, and Pamela Meyer. **Absent:** Cathleen Slattery.

Also Present: Chief of Staff Mark Mader, County Board Chair Paul Decker, Labor Relations Manager Jim Richter, Risk/Purchasing Manager Laura Stauffer, Administration Director Norm Cummings, Training Coordinator Deb Kneser, Employee Benefits Administrator Pete Hans, Principal Buyer Cindy Greco, The *Freeman* Reporter Darryl Enriquez, Clerk of Circuit Courts Kathy Madden, Senior Financial Analyst Bill Duckwitz, Senior Human Resources Analyst Renee Gage, and CBIZ Benefits & Insurance Services, Inc. Consultants Polly Thomas and Caitlyn Kerr. Recorded by Mary Pedersen, County Board Office.

Presentation and Overview of the 2013 Onsite Medical Clinic Feasibility Study

Copies of “Shared Onsite Clinic Feasibility Study Results for Waukesha County, City of Waukesha and School District of Waukesha”(the three entities involved) were distributed. Richter advised Phase I is nearly complete and this same presentation will be made to the other entities involved later today. Thomas explained the types of data used to determine return on investments (ROIs), risks, and challenges including employee surveys, demographics, workers compensation health care utilization, and other health claims. Similar entities across the country with similar models were also researched. Durham County, the most similar demographically, had a first year ROI of about \$742,000.

Thomas noted that the Public Health Center (PHC) will move to the new Human Services Building post construction. The vacant PHC is the recommended location for an onsite employee medical clinic. Statistics show that a successful clinic should be no more than seven miles within one’s place of employment. Thomas noted that 97% of County employees work within five miles of the PHC, 100% of City employees work within 2.1 miles, and 100% of School District employees work within five miles. Survey data indicated that employees would be willing to utilize the clinic even if it was a 15-minute drive.

Thomas said exam rooms are already built at the PHC building, the location is easily accessible, there is adequate and convenient parking, existing square footage is more than adequate and allows for growth, and the location is private and separate from Human Resources. It is also recommended that the County Fitness Center be moved to the PHC building also. The equipment could be shared for physical therapy/rehabilitation services and the PHC building has shower facilities.

Thomas indicated 58% of County survey respondents and 59% of City and School District survey respondents indicated they would probably or definitely use an onsite clinic.

K. Cummings arrived at 1:42 p.m.

Thomas advised that interest in weekend hours was higher than average at 44.5% versus 29%. Also, 57% of respondents indicated they would be willing to utilize the clinic as an alternative to their current primary care provider for sick visits.

Thomas said primary cost and health drivers for each organization (County, City, School District) are musculoskeletal conditions, depression, and cardiovascular disease. These three entities had the following health indicators in common: high variance in cost depending on the provider utilized, emergency room visits are lower than normal and average cost per visit was higher. The County and School District have a higher than average occurrence of specialist visits. Regarding musculoskeletal, outpatient surgery procedures and costs are above average for all three entities. Generic prescription utilization could be increased for each entity. Typically, CBIZ clients with onsite medical clinics see generic utilization rates above 80%. The County's generic utilization rate is 75.6%, City – 68.5%, and School District – 75.6%. The average paid per script is high for each entity. Savings for medications dispensed in the clinic could be as high as 60% for certain medications. A majority of adults from each entity are not compliant with preventive exams despite being covered at 100%. The County has a 38% preventive utilization rate, City – 59%, and School District – 38%.

Thomas discussed plan design considerations. Referring to the County, the Choice Plus Plan may incent clinic utilization since there is not an ongoing co-pay model. The County may wish to consider adding visit co-pays or a low fee for use of the clinic. The County's Health Savings Account (HSA) contribution is strong. Saving money would allow these participants to use the clinic to retain money for other health care costs. The County could consider lowering the contribution to fund the clinic as well. Most employers with onsite medical clinics also offer a consumer driven plan to allow employees whose healthcare needs can be met with that type of plan, the opportunity to save additional money for their healthcare needs post retirement. With all three entities being self-funded, this is the ideal funding platform to recognize savings in an onsite medical clinic. With the County being self-funded for workers compensation (WC), savings can be associated with treating WC injuries in the clinic. With the City and School District being fully-insured for WC, savings would be delayed, making these services less impactful financially.

Thomas said a great majority of survey respondents indicated they would be willing to participate in a health risk assessment or in wellness programs in exchange for a reduced cost to utilize the clinic. The County and School District may wish to consider increasing the wellness incentive (currently 2% for the County and 5% for the School District). Thomas said per wellness guidelines, from a regulatory perspective, entities can incent up to 20% and in 2014 this could increase to 30% of the premium cost.

Thomas said the governance structure should be clearly established prior to vendor selection. Integrating medical clinic claims data with health insurance claims will be integral to maintaining a holistic view of health plan performance and measuring ROI. Thomas explained the proposed scope of services, eligibility, four varying staffing models, critical success factors in achieving ROI

(plan design/financial incentive, scope of services, employee experience/ desire, employer support, provider quality), and the next steps for moving forward.

Overall claims utilization and survey responses support the consideration of an onsite medical clinic for County, City and School District employees. The projected ROI over a 5-year period for a shared clinic could be between \$6.9 and \$7 million (after expenses) depending on staffing and utilization. Of those savings, the County would receive 34%, City – 21%, and School District – 45%. When indirect savings are considered, the return could be as great as \$15 million over the same 5-year period. Projected ROI over a 5-year period for a County-only model could be between \$189,000 to \$606,000 depending on staffing and utilization. Thomas discussed ways to accelerate the ROI as outlined in the report. N. Cummings said we would see the biggest return if all three entities partnered together.

Jaske was concerned about public perception, that government was getting into the healthcare field, and would there be enough people in the healthcare field to staff it. N. Cummings said this will benefit County employees and the County as an employer due to cost savings. This is a great way to curb healthcare costs. Haukohl requested a more detailed financial analysis at Finance Committee to which Richter agreed. Decker said this will benefit the taxpayers and the long-term savings are huge. To answer K. Cummings' question, N. Cummings said clinic staff would be contracted out and the clinic would not be staffed by any County employees. Nelson, a former School District and City employee and currently a County supervisor, sees this as a win-win for all three entities. He asked about the timeline. Richter said a resolution would come before the Human Resources and Finance committees in June and then to the full County Board. The City and School District will follow a similar plan.

Review Fiscal Analysis Associated with Waukesha County Total Compensation Study

Copies of "Waukesha County Total Compensation Study" which included sections on Waukesha County compensation philosophy and policy, goals of the total compensation study, summary of key components of fiscal analysis, and financial projections were distributed. Richter summarized the components in the fiscal analysis. The 10-year fiscal analysis, projecting employees under the status quo versus the proposed system, estimates a \$132,078 net cost over ten years. Staff are anticipating October 2013 implementation which will continue through 2016.

Richter indicated there are three proposed pay structures (Open, Step, and Medical). Employees moving from the Step System to the Open System will be placed at the current salary unless they are below the minimum range. All supervisory positions will be moved from the Step System to the Open System. Expansion of Step System employees to Open System will continue until 2016 with professional level positions. Step System employees will be placed at the step closest to but not less than their current salary. (Richter noted that two groups were piloted into the Open System earlier this year). The fiscal analysis assumes a 1.5% annual salary range adjustment and a turnover rate consistent with current percentages – 8% in years one through four and 7% thereafter. Projected retirements are the main factor.

Richter said the analysis incorporates proposed changes to the health insurance plans for 2014 which will result in an overall 2.75% savings. Richter said they will recommend changing the health insurance premium cost share for employees in the Choice Plus Plan. Currently, the County pays 88% and the employee pays 12% if they participate in the Health Risk Assessment (HRA) Program (biometrics/Three Steps to Success). If they do not participate in the HRA, the County

pays 85% and the employee 15%. Staff are proposing that employees pay 15% if they participate in the HRA and 20% if they do not in 2014. Regarding the Health Savings Account (HSA - high deductible plan), currently employees must satisfy the deductible and pay the full cost until they hit the deductible. Thereafter, there is a co-insurance amount. After employees reach their deductible, the plan pays 90% and employees pay 10% up to an out-of-pocket maximum. Staff are proposing that the co-insurance percentage be changed from 90%/10% to 80%/20%. N. Cummings discussed projected savings associated with these changes according to our actuary, anywhere from 2% to 3%.

Duckwitz explained the cost projections for October 2013 through 2023 as outlined in the handout including a net cost of \$132,078 for 2014. The estimated net cost/savings(-) as a percent of the base for 2014 through 2023 are as follows: -0.44%, -0.31%, 0.17%, 0.41%, 0.55%, 0.36%, 0.15%, -0.05%, -0.24%, and -0.43%. Mader, referring to the \$132,078, said over a ten-year period, that comes out to 2/100 of 1% whereby N. Cummings said that is what you want with a new system – to be cost neutral.

The next meeting on this subject is June 19 at 8:30 a.m. to include the Human Resources, Finance, and Executive committees.

K. Cummings left the meeting at 4:03 p.m.

MOTION: Morris moved, second by Draeger to adjourn the Finance Committee at 4:07 p.m.
Motion carried 6-0.

MOTION: Grant moved, second by Jaske to adjourn the Human Resources Committee at 4:07 p.m.
Motion carried 5-0.

Respectfully submitted,

Pauline T. Jaske
Secretary